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REMARKS

Pursuant to the restriction requirement under 35 U.S.C. §121, Applicant elects Invention I, claims 1-9, as the subject matter for examination of the present application. Applicant has canceled independent claim 1; amended claims 2, 3, 4, 8 and 9; and has added new claims 18-22. No new matter has been added by this amendment and support for the new and amended claims may be found throughout the specification and drawings.

The present invention provides a system, method and apparatus for conducting secure monetary and financial transactions over the Internet or other public networks. The method comprises providing a physical medium containing a series of one-time use data tokens, each token being representative of a monetary value or transaction. An authentication server is used to verify the validity of the physical medium and an accompanying protocol permits consumers, merchants and payment processors to cooperatively authenticate users and initiate and complete payment transactions.

35 U.S.C. §103

Claims 1-9 are rejected under 35 U.S.C. §103(a) as being anticipated by Rowney et al. (U.S. Patent No. 5,996,076).

Applicant has canceled independent claim 1 and added new independent claim 18 upon which claims 2-9 now depend. Accordingly, Applicant will respond to the present rejection with respect to new independent claim 18 being the base claim for claims 2-9.

Independent claim 18 recites a method of securely transferring data having a corresponding equivalent monetary value in a communications system wherein the method is comprised of a step of retrieving a first set of data from a recordable medium at a user interface wherein the first set of data includes at least one non-reusable token being equivalent to a monetary value. The one-time data tokens may be cryptographically derived identifiers representative of said monetary value, wherein one or more tokens may be used to authorize a single transaction. Each token may be represented on the recordable medium as a coded multi-digital alphanumeric number or (AN) string. Authentication data may be associated with the AN string to prevent the interception and unauthorized use of data tokens during re-application of monetary value to the recordable medium. The use of the one-time tokens allows for the user to initiate a transaction authorization without the

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need for having to transfer sensitive data over the communications network each time he or she wishes to purchase products or services thereon.

It is appreciated that by effectively obviating the need to transmit sensitive data over the communications network to consummate a business transaction, the consumer is provided with an effective means of conducting such business at a minimal cost, as a result of obviating the need for employment of a complex encryption/decryption system, while maintaining a high degree of security in conducting such transactions.

The Rowney et al. reference relates to a system that provides secure electronic payment in exchange for goods and services purchased over a communication network wherein the system is operative to 1) facilitate the negotiation of an encryption scheme to be utilized during a transaction session, and 2) to provide a set of encryption keys to be used by the parties to the transaction for use in decrypting communications made during the transaction session. According to Rowney et al., among the messages/data communicated by the customer to the merchant are messages that may specify goods or services to be ordered and payment information such as credit card number(s) and related personal information collectively referred to as payment information.

Applicant submits that the Rowney et al. reference does not teach or suggest a method of securely transferring data having a corresponding equivalent monetary value in a communications system wherein the method includes utilizing a recordable medium being encoded with at least one non-reusable token being equivalent to a monetary value as a proxy for sensitive data commonly transferred over a communication network.

The Rowney et al. reference relies on complex encryption schemes and encryption keys to facilitate secure transfer of sensitive data between the consumer and merchant during processing of a transaction over a communications network. It is appreciated that all encryption schemes carry the potential for a hacker to break the code, and the more extensive the use of the encryption protocol, the more opportunity for the hacker to observe the patterns of the encryption and decode the algorithm. Applicant's invention provides an advantage over the use of such encryption schemes by substituting a proxy for cash value in the form of a one-time use data token whereby the token not associated with any sensitive or personal customer data that could be misappropriated by hackers to support fraudulent business transactions over a communication network.

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The Rowney et al. reference does not teach or suggest the method of securely transferring data over a communications network wherein the method utilizes a first set of data that includes at least one non-reusable token being equivalent to a monetary value for facilitating business transactions between a consumer and a merchant but rather relies on the use of complex encryption/decryption schemes for transmitting sensitive customer data such as credit card numbers or other personal information.

In rejecting claims under 35 U.S.C. §103, there must be provided a reason why one having ordinary skill in the pertinent art would have been led to modify the prior art ... to arrive at applicant's claimed invention. *Uniroyal Inc. v. Rudkin-Wiley Corporation*, 5 U.S.P.Q.2d 1434, 1438 (Fed. Cir. 1988). In determining the difference between the prior art and the claims, the question under 35 U.S.C. §103 is not whether the differences themselves would have been obvious but whether the claimed invention as a whole would have been obvious. *Stratoflex Inc. v. Air Equip Corp.*, 218 U.S.P.Q. 871 (Fed. Cir. 1983).

Applicant submits that the present invention provides a unique protocol for conducting business transactions over a communications network wherein the method utilizes a one-time use data token as a proxy for the sensitive data commonly used to facilitate consummation of the business transaction. The combination of the use of the one-time token and the unique transaction protocol that must be taught or suggested by the prior art as a whole in order to sustain an obviousness rejection. Applicant submits that without this requisite teaching or suggestion in the cited reference, a prima facie basis for rejection under 35 U.S.C. §103 cannot be formed. Accordingly, Applicant respectfully requests that this be withdrawn as a basis for rejection.

From the foregoing, Applicant submits that the claims of the present application are not obvious in view of the prior art of record. Accordingly, they define patentable subject matter and are in condition for allowance. As such, Applicant respectfully requests that such action be taken toward these ends.

Respectfully submitted,

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